



LeatherUp Limited

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2019**

COMPANY PROFILE

Board of Directors

Khalid H. Shah Director	Chief Executive/ Director	Mahmooda Shah
Jazim Shah Director	Director / Chairman	S. Faisal Shah
Mohsin Khursheed Director	Director	Farooq Raza
Ali Kausar Khan	Director	

Board Audit Committee

Mohsin Khursheed	Chairman
Jazim Shah	Member
Mahmooda Shah	Member

Human Resource Committee

Mohsin Khursheed	Chairman
S. Faisal Shah	Member
Mahmooda Shah	Member

Chief Financial Officer / Company Secretary

Ali Ahmar

Auditors

Abdan & Company , Chartered Accountants

Legal Advisor

Maqsood Ahmad Bullo & Company

Advocate

Bankers

MCB Bank Ltd	United Bank Ltd	Faysal Bank Ltd
Summit Bank Ltd	Askari Bank Ltd	Meezan Bank Ltd
Bank Al-falah Ltd		

Registered Office/Factory

Plot # 23/C, 15th Commercial Street Phase II Extension, Defence Housing Authority, Karachi.

Phone: (021) 35880771-2 Fax: (021) 35880773

E-mail: leatherup@cyber.net.pk

Web site: leatherupltd.com

Share Registrar Office

M/s C&K Management Associates (Pvt) Limited

404, Trade Tower, Abdullah Haroon Road, Near Hotel Metroplole, Karachi-75530

Phone: (021) 35687839- (021) 35685930

DIRECTORS REPORT

The Directors of your Company have pleasure in submitting the report on condensed interim statements of accounts (unaudited) for the first quarter ended September 30, 2019.

Company Performance

The recession grips in Europe in recent period and the impact of low business activity there, automatically affected the main exporting countries of leather garments and allied products. Therefore, in the first quarter of 2019-20, export orders badly hit and declined export graph.

Despite the best efforts made by the management, the company suffered significant fall in export as well as operating profits and consequently in production during the period under review and leaves a lot to be desired. During the quarter ended September 30, 2019, the exports of the company stood at Rs. 12.8 million as compared to Rs. 14.8 million for the last corresponding period i.e. decrease of 16% in value as compared to last years' corresponding period.

Future Outlook

Despite uncertainty all over the world in general and leather industry in particular, the management of your company is very keen to safeguard the interest of shareholders of the company. We are trying our level best to remain in the profits, and are making best efforts to have export orders of considerable value from its existing buyers/customers as well as exploring new markets in order to maintain its exports on upward trends. We do hope that the company would be able to make reasonable exports in the upcoming future. Company is aggressively participating in international forum to boost up the sales.

Workers Management Relation:

The management will like to put on the record valued contribution of all members of the staff, workers towards achieving results in general and we wish to place on record our gratitude to the shareholders for their continued support in difficult times and hope to continue the same in the coming years. The worker management relation remained excellent throughout the year, which resulted in the smooth operation of your company. This is team work and we hope it shall continue in the same spirit during the coming years.

Thanks and Appreciation

Thanks to our shareholders for their trust and support now as well as in difficult times

By order of the board



Karachi: **October 29, 2019**

Khalid H. Shah
(Chief Executive)

ہدایت کاروں کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کو رپورٹ پیش کرنے میں خوشی ہے
پہلی سہ ماہی کے لئے اکاؤنٹس (غیر مشق شدہ) کے متشدد عبوری بیانات
30 ستمبر ، 2019 کو ختم ہوا۔

کمپنی کی کارکردگی

حالیہ عرصے میں یورپ میں کساد بازاری کی لپیٹ میں ہے اور کم کاروبار کے اثرات
وہاں کی سرگرمی ، چرمی برآمد کرنے والے اہم ممالک کو خود بخود متاثر کرتی ہے
لباس اور متعلقہ مصنوعات۔ لہذا ، 2019-20 کی پہلی سہ ماہی میں ، برآمد کریں
آرڈر بری طرح متاثر ہوئے اور برآمد گراف مسترد ہوا۔

انتظامیہ کی بہترین کوششوں کے باوجود ، کمپنی کو نقصان اٹھانا پڑا
برآمد میں نمایاں کمی کے ساتھ ساتھ آپریٹنگ منافع اور اس کے نتیجے میں
جائزہ لینے کے دوران مدت کے دوران پیداوار اور مطلوبہ ہونا بہت چھوڑ دیتا ہے۔

30 ستمبر ، 2019 کو ختم ہونے والی سہ ماہی کے دوران ، کمپنی کی برآمدات

روپے پر کھڑا 12.8 ملین روپے کے مقابلے میں آخری کے لئے 14.8 ملین

اسی مدت یعنی پچھلے سالوں کے مقابلے میں قیمت میں 16 فیصد کمی

اسی مدت

مستقبل کا نظارہ

عام طور پر اور چمڑے کی صنعت میں پوری دنیا میں غیر یقینی صورتحال کے باوجود
خاص طور پر ، آپ کی کمپنی کا انتظام اس کمپنی کی حفاظت کے لئے بہت خواہش مند ہے
کمپنی کے حصص یافتگان کا مفاد ہم اپنی سطح پر قائم رہنے کی پوری کوشش کر رہے ہیں

منافع میں ، اور برآمد کے آرڈر حاصل کرنے کی پوری کوشش کر رہے ہیں

اس کے ساتھ ساتھ اس کے موجودہ خریداروں / صارفین کی بھی قابل قدر قدر

اس کی برآمدات کو اوپر کے رجحانات پر برقرار رکھنے کے لئے نئی مارکیٹیں۔ ہم امید کرتے ہیں

کہ کمپنی آنے والے وقت میں مناسب برآمدات کرسکے گی مستقبل۔ فروغ دینے کے لئے کمپنی جارحانہ طور پر بین الاقوامی فورم میں حصہ لے رہی ہے فروخت۔

ورکرز مینجمنٹ ریلیشن:

انتظامیہ ان سب کی شراکت کو ریکارڈ کرنا چاہے گی عملے کے ارکان ، عمومی طور پر نتائج کے حصول کی طرف کارکن اور ہم شیئر ہولڈرز کے جاری رہنے پر ان کا شکریہ ادا کرنا چاہتے ہیں مشکل اوقات میں مدد کریں اور آنے والے سالوں میں بھی اسی طرح کی امید رکھیں گے۔

ورکرز مینجمنٹ کا رشتہ سارا سال عمدہ رہا ،

جس کا نتیجہ آپ کی کمپنی کا ہموار عمل ہے۔ یہ ٹیم کا کام ہے اور ہم امید کرتے ہیں کہ آنے والے سالوں میں بھی اسی جذبے کے ساتھ جاری رہے گا۔

شکریہ اور تعریف

ہمارے حصہ یافتگان کا شکریہ کہ اب ان کے اعتماد اور مدد کے ساتھ ساتھ مشکل وقتوں میں

بورڈ کے حکم سے

2019 ، اکتوبر 29 :کراچی

شاہ ایچ خالد



ایگزیکٹو چیف)

LEATHER UP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

**SEPTEMBER
30, 2019** **JUNE 30, 2019**

————— Rupees —————

Non - Current Assets

Property, plant and equipment

3,400,699

3,661,065

Current Assets

Stock in trade

74,259,232

76,360,706

Trade debts - considered good

7,807,233

1,409,493

Advances, deposits, prepayments
and other receivables

27,111,645

26,366,108

Cash and bank balances

1,381,449

2,022,712

110,559,559

106,159,019

113,960,258

109,820,084

Share Capital and Reserves

Authorized Capital

6,000,000 (June 30, 2017: 6,000,000) ordinary
shares of Rs. 10/- each

60,000,000

60,000,000

Issued, subscribed and paid up capital

60,000,000

60,000,000

General reserve

1,369,610

1,369,610

Accumulated gain/ (loss)

40,573,818

35,571,840

101,943,428

96,941,450

Deferred liability - staff gratuity

3,020,744

3,020,744

Current liabilities

Short term borrowing - secured

1,454,504

1,454,504

Loan from directors

2,084

2,084

Trade and other payables

4,725,008

5,248,221

Accrued markup

77,014

77,014

Unclaimed dividend

2,613,991

2,613,991

Provision for taxation

123,486

462,075

8,996,086

9,857,889

Contingencies and commitments


-

-

113,960,259

109,820,084

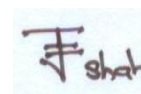
The annexed notes form integral part of these financial statements



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		For the year ended	
		SEPTEMBER	SEPTEMBER
		30, 2019	30, 2018
		————— Rupees —————	
Sales - net	6	12,836,558	14,830,433
Cost of sales	7	<u>(12,498,485)</u>	<u>(14,726,093)</u>
Gross profit		338,073	104,340
Operating expenses			
Administrative expenses	8	<u>(1,669,016)</u>	<u>(1,082,606)</u>
Distribution cost	9	<u>(457,757)</u>	<u>(174,500)</u>
		<u>(2,126,773)</u>	<u>(1,257,106)</u>
Operating profit		(1,788,700)	(1,152,766)
Finance cost	10	<u>(51,115)</u>	<u>(278,641)</u>
Other income/(loss)		-	-
Other operating expenses		-	-
		<u>(51,115)</u>	<u>(278,641)</u>
Profit before taxation		(1,839,815)	(1,431,407)
Taxation		<u>(123,486)</u>	<u>(142,804)</u>
Profit after taxation		<u>(1,963,300)</u>	<u>(1,574,211)</u>
Earnings per share - basic and diluted		<u>(0.33)</u>	<u>(0.26)</u>

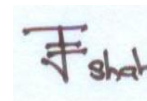
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	For the year ended	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
	Rupees	
Profit after taxation	(1,963,300)	(1,574,211)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(1,963,300)</u>	<u>(1,574,211)</u>

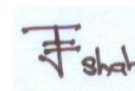
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

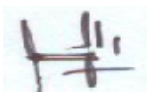


DIRECTOR

LEATHER UP LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(1,839,815)	(1,431,407)
Adjustments for non cash and other items:		
Depreciation	260,367	72,619
Provision for gratuity	-	-
Gain on sale of Land non depreciable assets	-	-
Finance cost	51,115	278,641
	<u>311,482</u>	<u>351,260</u>
Operating cashflows before working capital changes	(1,528,333)	(1,080,147)
Changes in working capital		
(Increase) / decrease in current assets		
Stock in trade	2,101,474	9,823,504
Trade debts	(6,397,740)	-
Advances, deposit, prepayments and other receivable	(246,987)	6,089,783
Increase / (decrease) in current liabilities		
Trade and other payables	(523,213)	(9,104,583)
Loan from directors	-	-
	<u>(5,066,467)</u>	<u>6,808,704</u>
Cash (used in) / generated from operations	(6,594,799)	5,728,557
Taxes paid	(837,157)	(142,803)
Finance cost paid	(51,115)	(397,573)
Net cash (used in) / generated from operating activities	(7,483,071)	5,188,181
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	-	(306,567)
Receipt against sale of lease hold land	6,841,808	-
Net cash from/(used in) investing activities	6,841,808	(306,567)
Net cashflow from financing activities		
Dividend paid	-	-
	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	(641,263)	4,881,614
Cash and cash equivalents at the beginning of the period	568,208	(4,462,439)
Cash and cash equivalents at the end of the period	(73,055)	419,175
Cash and cash equivalents comprise the following:		
Cash and bank balance	1,381,449	13,319,175
Short term borrowing	(1,454,504)	(12,900,000)
	<u>(73,055)</u>	<u>419,175</u>

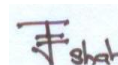
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Share Capital	General Reserve	Accumulated Loss	Total
	Rupees			
Balance as at July 1, 2018	60,000,000	1,369,610	44,111,329	105,480,939
Other Comprehensive income			(1,574,211)	(1,574,211)
Balance as at September 30, 2018	60,000,000	1,369,610	42,537,118	103,906,728
Balance as at July 1, 2019	60,000,000	1,369,610	42,537,118	103,906,728
Other Comprehensive income			(1,963,300)	(1,963,300)
Balance as at SEPTEMBER 30, 2019	60,000,000	1,369,610	40,573,818	101,943,428

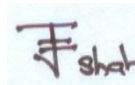
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

LEATHER UP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

Leather Up Limited ("the Company") was incorporated as a private limited company under the Companies Ordinance, 1984 on December 2, 1990 vide registration no. K-02440 of 1990-91. Subsequently the Company was converted into a public limited Company on May 15, 1993. The Company is listed on Karachi Stock Exchange (now Pakistan Stock Exchange) since 1994. The Company is engaged in the manufacture and export of leather garment products. The registered office and its production facilities are located at plot # 23/C, 15th Commercial Street Phase II Extension Defence Housing Authority, Karachi.

2 BASIS OF PREPARATION

The condensed interim financial information are un-audited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange. The condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

These interim financial information have been prepared using the same accounting convention, basis of preparation and significant accounting policies as those applied in the preparation of the audited financial statements for the year ended June 30, 2019.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial information of the Company as at and for the year ended June 30, 2019.

5 CONTINGENCIES AND COMMITMENTS

Contingencies

The Contingencies remain same as at September 30, 2019 as disclosed in the annual audited financial statements for the year ended June 30, 2019.

Commitments

Commitments for export sale as at September 30, 2019 is Rs.9.500 million (June 30, 2019: Rs. 9.500 million).

		2019	2018
		_____	_____
		Rupees	
6 SALES - NET			
Export sales		12,348,566	14,280,433
Export rebate		487,992	550,000
		<u>12,836,558</u>	<u>14,830,433</u>
7 COST OF SALES			
Raw, packing and other material consumed	7.1	6,809,393	11,178,612
Production expenses	7.2	3,255,877	2,498,520
Cost of goods manufactured		<u>10,065,270</u>	<u>13,677,132</u>
Opening stock of finished goods		11,141,303	12,190,264
Cost of goods available for sale		<u>21,206,573</u>	<u>25,867,396</u>
Closing stock of finished goods		<u>(8,708,088)</u>	<u>(11,141,303)</u>
		<u>12,498,485</u>	<u>14,726,093</u>
		2019	2018
		_____	_____
		Rupees	
7.1 Raw, packing and other material consumed			
Opening stock		69,538,408	85,637,912
Purchases		5,234,450	2,404,069
		<u>74,772,858</u>	<u>88,041,980</u>
Closing stock		<u>(67,963,465)</u>	<u>(69,538,408)</u>
		<u>6,809,393</u>	<u>18,503,573</u>

	2019	2018
	Rupees	
7.2 Production expenses		
Cutting and stitching charges	1,549,871	1,159,825
Salaries, wages and other benefits	1,074,245	1,047,000
Repairs and maintenance	14,350	14,860
Depreciation	156,220	43,571
Fuel and power	296,994	128,414
Rent, rates and taxes	12,000	82,510
Telephone, fax and postage	87,474	22,340
Printing and stationery	64,363	-
Entertainment expense	360	-
	<u>3,255,877</u>	<u>2,498,520</u>

	2019	2018
	Rupees	
8 ADMINISTRATIVE EXPENSES		
Salaries, allowances and other benefits	1,118,839	205,000
Communication expense	-	-
Insurance expense	-	33,566
Utilities	76,889	159,992
Printing and stationery	2,561	-
Legal and professional	-	-
Fees and subscription	11,640	640,000
Vehicle running and maintenance	320,050	-
Entertainment expense	8,260	-
Repairs and maintenance	6,630	15,000
Donations	20,000	-
Depreciation	104,147	29,048
	<u>1,669,016</u>	<u>1,082,606</u>

	2019	2018
	Rupees	
9 DISTRIBUTION COST		
Advertising and sales promotion	50,000	60,000
Postage, telex and telegram	3,455	-
Travelling expense	1,000	110,000
Freight, handling and insurance	64,170	4,500
Others	339,132	-
	<u>457,757</u>	<u>174,500</u>

	2019	2018
	Rupees	
10 FINANCE COST		
Markup and interest charges	-	185,177
Bank charges and commission	51,115	93,464
	<u>51,115</u>	<u>278,641</u>

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 04, 2019 by the Board of Directors of the Company.

12 GENERAL

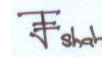
- Figures have been rounded off to the nearest rupee.
- Figures have been rearranged / reclassified where ever necessary



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR